



Treasury Financial Manual

Bulletin No. 2003-06

Volume I

Retention: May 31, 2004

To: Heads of Government Departments, Agencies, and Others Concerned

Subject: Adjustments to Fiscal 2002 Federal Agencies' Centralized Trial-Balance System (FACTS I) Data

1. Purpose

This Treasury Financial Manual (TFM) bulletin does the following:

- Stipulates procedures to agencies that must reconcile net position through the FACTS I data verification process.¹
- Defines the certification process for ending net position, as represented in the fiscal 2002 adjusted trial-balance (ATB) FACTS I submission. Accordingly, the net position that an agency reports to the Financial Management Service (FMS) during the preparation of the Financial Report of the United States Government (FR) must agree with the agency's audited consolidated financial statements.

2. Reconciliation of Fiscal 2002 FACTS I Data to an Agency's Audited Consolidated Financial Statements

FMS works with all agencies required to perform FACTS I data verification to reconcile net position. To properly report net position changes in the fiscal 2003 FR, each agency's ending net position included in the fiscal 2002 FR is reconciled to its fiscal 2002 audited consolidated financial statements. Reconciling items generally result from:

- Adjustments made to an agency's audited consolidated financial statements subsequent to the final FACTS I submission for fiscal 2002.
- Unreconciled differences reported in FACTS I data verification that require final corrections.

¹ Agencies not required to prepare an Account Groupings Worksheet (AGW) for FMS should contact their FMS representative on 202-874-9910 to discuss how to accomplish any adjustments. These adjustments are necessary if the agency's financial statement net position did not agree with the FACTS I transmission.

This reconciliation is part of FMS' ongoing effort to work with Federal agencies toward an unqualified audit opinion for the FR.

Agencies identifying adjustments resulting from the reconciliation effort after publication of the fiscal 2002 FR should submit all adjustments with an explanation describing (1) the amount of the adjustment and (2) a detailed explanation to substantiate the adjustment by May 30, 2003. FMS will analyze the adjustments and determine how to report them in the fiscal 2003 FR.

Currently FMS is reviewing the AGWs that reported differences between the fiscal 2002 FACTS I data and the agencies' audited consolidated financial statements. Agencies with differences must finalize the fiscal 2002 AGW immediately and certify any necessary adjustments to the FACTS I data. Agencies also should identify the journal entries to correct in anticipation of a call from FMS before the May 30, 2003, deadline.

These journal entries should adjust the fiscal 2002 FACTS I submission at the lowest reporting level possible. After adjustments are made, FMS will send documentation of all adjusting journal entries, a department level ATB, a department level AGW, and a certification of the fiscal 2002 ending net position balance to be signed by the agency's Chief Financial Officer (CFO). All FMS-generated reports will be at the department level.

3. Certification of the ATB and Fiscal 2002 Ending Net Position Balance

After the agency and FMS complete the adjustments updating or correcting the fiscal 2002 FACTS I data, the agency's CFO will receive a certification package from FMS. Following review and concurrence, the CFO must sign an acknowledgement confirming the fiscal 2002 ending net position to be reported as the fiscal 2003 beginning net position. Confirmation is due within 1 week of package receipt.

After receiving the fiscal 2002 performance measures letter from FMS Commissioner Richard L. Gregg, indicating that no adjustments are expected, agencies should use the letter as the basis for confirming their net position. The certification must contain the final net position numbers.

Since this is a critical process, all agencies and departments must:

- Carefully review the adjustments reported to FMS for fiscal 2002;
- Ensure that these adjustments are reflected in the agency's records before the fiscal 2003 FACTS I trial-balances are submitted to FMS;

AND

- Ensure that the certified net position is reported in fiscal 2003 FACTS I data.

4. Effective Date

Immediately.

5. Inquiries

Direct questions or comments concerning this bulletin to:

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Richard L. Gregg
Commissioner